

Message Text

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ACTION SS-25

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R 121130Z AUG 76
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC 808

C O N F I D E N T I A L PRAGUE 2308

EXDIS

E.O. 11652: GDS
TAGS: PFOR, CZ, EFIN
SUBJECT: CZECHOSLOVAK RESISTANCE TO INCREASED US CLAIMS DEMAND

1. IN COURSE OF INITIAL, PROTOCOLARY CALL BY DCM ON MFA SIXTH DEPT DIRECTOR ZANTOVSKY AUGUST 10, ZANTOVSKY TOUCHED BRIEFLY ON US-GOC CLAIMS/GOLD ISSUE. NOTING HE DID NOT WANT TO SPEAK TO THE ISSUE IN DETAIL, HE NONETHELESS STRESSED THAT GOC COULD NOT BE EXPECTED TO ACCEPT THE REVISED CLAIMS FIGURE SUGGESTED BY SCOTT -- I.E. \$32 MILLION, A FIGURE WHICH HE AVOIDED MENTIONING EXPLICITLY. ZANTOVSKY SAID CZECHOSLOVAKS WERE "READY TO RENEGOTIATE" BUT THEIR POINT OF DEPARTURE WOULD BE THE AMOUNT AGREED IN INITIALED 1974 AGREEMENT -- I.E. 20.5 MILLION. LOOKING TO THE PAST, ZANTOVSKY SAID HE HAD LONG ENJOYED "GOOD RELATIONS WITH THE AMERICANS, BUT HAD NEVER HAD ANY RESULTS." HE HOPED IT WOULD BE POSSIBLE IN NEAR FUTURE TO OBTAIN RESULTS BY RESOLVING THE LONGSTANDING CLAIMS/GOLD QUESTION BUT REITERATED THAT AMOUNT SUGGESTED BY SCOTT WAS TOO HIGH. HE ALSO COMPLAINED THAT USG WAS NOT TREATING CZECHOSLOVAKIA EQUALLY IN US POLICIES TOWARD EASTERN EUROPE AS A WHOLE.

2. DCM SAID HE TOO THOUGH IT BEST TO AVOID DETAILED DISCUSSION OF CLAIMS/GOLD MATTER, UNTIL DEPUTY FOREIGN MINISTER SPACIL RETURNS FROM VACATION. HOWEVER, DCM IMPRESSED UPON ZANTOVSKY THAT
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GOC MUST EXPECT FIRMNESS BY SENATOR LONG AND HIS COL-

LEAGUES IN PRESSING FOR SETTLEMENT AT \$32 MILLION, WHICH ALREADY REPRESENTS MAJOR COMPROMISE, SINCE SENATORS EVIDENTLY WERE PREPARED TO DROP EARLIER INSISTENCE ON 100 PER CENT RESTITUTION IN FAVOR OF SETTLEMENT AT 50 PER CENT. DCM SINCERLY HOPED GOC HARBORED NO ILLUSIONS ABOUT THE ATTITUDE OF THE SENATE IN THIS MATTER.

3. COMMENT: WE ASSUME ZANTOVSKY WAS SIMPLY PROBING FOR SIGNS OF FLEXIBILITY ON US SIDE WITH REGARD TO FINAL CLAIMS FIGURE. WE WILL CONTINUE TO MAKE SPECIAL EFFORT TO GET THE MESSAGE ACROSS HERE THAT EMBASSY FULLY EXPECTS SENATOR LONG AND COMPANY TO REMAIN ADAMANT ON A SETTLEMENT BASED ON 50 PER CENT OF THE ADJUDICATED CLAIM.

BYRNE

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